

Message Text

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E.O. 11652: N/A

TAGS: EINV, EGEN

SUBJECT: PRESIDENT KAUNDA ON FOREIGN INVESTMENT

REF: LUSAKA 987, 1232

1. SUMMARY. CLARIFYING REMARKS MADE AT HIS MAY 27 PRESS CONFERENCE AND HIS JUNE 30 SPEECH TO THENATIONAL COUNCIL WHICH CAUSED GENUINE CONCERN WITHIN THE PRIVATE SECTOR ABOUT THE FUTURE OF FREE ENTERPRISE AND FOREIGN INVESTMENT IN ZAMBIA, ON JULY 17 PRESIDENT KAUNDA APPLAUDED THE PAST COOPERATION AND ASSISTANCE OF FOREIGN BANKING INSTITUTIONS, PLEDGED THAT THE GRZ WOULD HONOR ITS OBLIGATION TO FOREIGN CAPITAL AND WELCOMED FOREIGN INVESTMENT S ROLE IN THE GRZ S EFFORT TO DIVERSIFY THE ECONOMY. END SUMMARY.

2. ON JULY 17 PRESIDENT KAUNDA ADDRESSED SEVERAL HUNDRED INVITED INTERNATIONAL BANKERS AND FINANCIERS AT THE OPENING OF THE BANK OF ZAMBIA S NEW OFFICE BUILDING. WHILE MOST OF THE ADDRESS DESCRIBED THE CONTRIBUTION OF THE BANK OF ZAMBIA TO NATIONAL DEVELOPMENT, THE PRESIDENT TOOK THE OPPORTUNITY TO REAFFIRM THE GRZ S POLICY ON FOREIGN INVESTMENT AND ACKNOWLEDGE THE ROLE OF FOREIGN BANKING INSTITUTIONS. REFERRING TO THE WIDE FLUCTUATIONS IN ZAMBIA S BALANCE OF PAYMENTS DUE TO ITS DEPENDENCE ON COPPER PRICES FOR FOREIGN EXCHANGE, THE PRESIDENT THANKED THE BANKERS FOR THEIR ROLE IN PROVIDING FINANCING TO MAINTAIN ECONOMIC ACTIVITY DURING PERIODS OF LOW COPPER PRICES. "GOVERNMENT UNCLASSIFIED

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WOULD NOT HAVE SUCCEEDED WITHOUT THE WILLING COOPERTION OF

FOREIGN BANKS AND INTERNATIONAL MONETARY AND FINANCIAL INSTITUTIONS. INDEED THE PHENOMENAL ECONOMIC AND SOCIAL PROGRESS ACHIEVED BY ZAMBIA, INCLUDING THE RECENT REORGANIZATION OF OUR MINING INDUSTRY, HAS BEEN MADE POSSIBLE LARGELY BY ACTIVE SUPPORT OF OUR FRIENDS IN THE INTERNATIONAL ORGANIZATIONS AND FOREIGN BANKS."

3. THE GRZ NEEDS AND WELCOMES FOREIGN INVESTMENT. "BUT WE WANT OUR FRIENDS TO KNOW THE CRITERIA FOR INVESTMENT. WHEN INVESTMENT IS ON TERMS BASED ON HUMANISM THEN THE PARTY AND GOVERNMENT GUARANTEE FULLY THE SECURITY OF SUCH CAPITAL. WE WILL ALWAYS HONOR OUR OBLIGATIONS TO FORIEGN CAPITAL." CALLING FOR DIVERSIFICATION OF THE ECONOMY THROUGH PROJECTS USING THE EFFORTS OF THE MASSES THEMSELVES, HE STATED THE GRZ HAS DECIDED TO CONCENTRATE ON RURAL DEVELOPMENT AND RAPID INDUSTRLIZATION OF THOSE AREAS WHERE INDUSTRIES ARE MOST NEEDED, BASED ON LOCAL RAW MATERIALS AND TO SUBSTITUTE IMPORTED GOODS WITH LOCAL PRODUCTS.

4. THE PRIVATE SECTOR, BOTH LOCAL AND FORIEGN, MUST PLAY A POSITIVE ROLE. THE PRESIDENT REFERRED TO THE PARTY MANIFESTO FOR THE SECOND DECADE OF INDEPENDENCE WHICH DECLARES THE GRZ S DETERMINATION TO CREAT CONDITIONS CONDUCIVE TO PRIVATE INVESTMENT "PROVIDED THAT IT MOVES AWAY FROM DISTRIBUTIVE TRADE TO RURAL DEVELOPMENT AND EXPORT-ORIENTED AND IMPORT SUBSTITUTION INDUSTRIES."

5. COMMENTS FOLLOW SEPZL.
WILKOWSKI

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